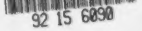

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM-10Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 33-19617

MAY

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GREATE BAY PROPERTY FUNDING COR
(Exact name of registrant as specified in ---

NEW JERSEY	22-2840368
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
136 South Kentucky Avenue Atlantic City, New Jersey	08401
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (609) 441-4517

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 15, 1992
Common Stock, no par value	2,500 Shares

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PART I: FINANCIAL INFORMATION

Introductory Notes to Financial Statements

The registered securities are $173,030,000 of 11.75% First Mortgage Notes due 1994 (the "First Mortgage Notes") issued by Greate Bay Property Funding Corp. ("Funding"), a New Jersey Corporation.

Funding, through Pratt Casino Properties, Inc., is a special purpose subsidiary of Pratt Hotel Corporation ("Pratt"), a Delaware Corporation, which was organized during June 1987 to borrow funds through the issuance of the First Mortgage Notes and to lend those funds to Greate Bay Hotel and Casino, Inc. ("GBH&C"), a New Jersey Corporation. GBH&C, through Pratt Casino Properties, Inc., is a subsidiary of Pratt engaged primarily in the ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands on the Park"). The First Mortgage Notes are secured by a first mortgage and fixture security agreement on the Sands on the Park and are unconditionally guaranteed by Pratt with respect to the due and punctual payment of up to $10 million of the principal and interest on the First Mortgage Notes. Pratt is an American Stock Exchange listed company subject to the reporting requirements of the Securities Act of 1934.

The financial statements as of March 31, 1992, and for the three month periods ended March 31, 1992 and 1991, have been prepared by both Funding and GBH&C without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, their respective financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly their respective financial position as of March 31, 1992, and their respective results of operations for the three month periods ended March 31, 1992 and 1991 and their cash flows for the three month periods ended March 31, 1992 and 1991.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in Funding's 1991 Annual Report on Form 10-K.

A significant portion of GBH&C's assets relate to the Sands on the Park, which conducts gaming operations in Atlantic City, New Jersey. Historically, such gaming operations have been highly seasonal in nature, with the peak activity occurring from May to September. Consequently, the results of GBH&C's operations for the three month period ended March 31, 1992 are not necessarily indicative of the operating results to be reported for the full year.

The principal executive offices of Funding and GBH&C are located at the Sands Administrative and Employee Services Complex, 136 South Kentucky Avenue, Atlantic City, New Jersey 08401. The principal executive offices of Pratt are located at Two Galleria Tower, Suite 2200, 13455 Noel Road, Dallas, Texas 75240.

CREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash	$ 1,000	$ 1,000
Interest receivable	1,391,000	1,400,000
Current portion of note receivable	4,810,000	4,671,000
Total current assets	6,202,000	6,072,000
Note Receivable from Affiliate - Create Bay Hotel and Casino, Inc., net of unearned interest income of $842,000 and $932,000, respectively	164,823,000	165,987,000
	$ 171,025,000	$ 172,059,000

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:		
Accrued interest payable	$ 1,391,000	$ 1,400,000
Current portion of long-term debt	4,810,000	4,671,000
Total current liabilities	6,201,000	6,071,000
Long-Term Debt, net of discount of $842,000 and $932,000, respectively	164,823,000	165,987,000
Shareholder's Equity:		
Common stock, no par value; 2,500 shares authorized and outstanding	1,000	1,000
	$ 171,025,000	$ 172,059,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

GREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Interest income	$ 5,110,000	$ 5,173,000
Expenses:		
Interest expense	5,110,000	5,173,000
Net Income	$ -	$ -

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

GREATE BAY PROPERTY FUNDING CORP.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net income	$ -	$ -
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of debt discount	90,000	90,000
Amortization of unearned interest income	(90,000)	(90,000)
Net cash provided by operating activities	-	-
FINANCING ACTIVITIES:		
Repayment of note receivable from affiliate	1,115,000	-
Repayments of long-term debt	(1,115,000)	-
Net cash provided by financing activities	-	-
Net increase in cash	-	-
Cash at beginning of period	1,000	1,000
Cash at end of period	$ 1,000	$ 1,000

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

CREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash and cash equivalents	$ 16,157,000	$ 13,013,000
Accounts receivable, net of allowances of $18,753,000 and $18,177,000, respectively	12,152,000	14,486,000
Arbitration award receivable	17,991,000	17,719,000
Due from affiliates	1,891,000	-
Inventories	3,088,000	3,070,000
Refundable deposits and other current assets	2,251,000	2,636,000
Total current assets	53,530,000	50,924,000
Property and Equipment:		
Land and land improvements	37,554,000	37,554,000
Buildings	169,583,000	169,583,000
Furniture and equipment	93,495,000	92,946,000
Construction in progress	579,000	835,000
	301,211,000	300,918,000
Less - accumulated depreciation and amortization	(128,868,000)	(125,262,000)
Net property and equipment	172,343,000	175,656,000
Other Assets:		
Obligatory investments	6,253,000	6,225,000
Due from affiliates	19,768,000	18,799,000
Deferred financing costs and other assets	4,219,000	4,566,000
Total other assets	30,240,000	29,590,000
	$ 256,113,000	$ 256,170,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

CREATE RAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

BALANCE SHEETS

LIABILITIES AND SHAREHOLDER'S EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Short-term credit facilities	$ 8,000,000	$ 8,000,000
Current maturities of long-term debt	13,717,000	5,578,000
Accounts payable	7,717,000	6,321,000
Accrued liabilities -		
Salaries and wages	3,879,000	3,904,000
Progressive jackpot	4,459,000	4,139,000
Interest	2,491,000	2,009,000
Other	8,324,000	8,119,000
Due to affiliates	8,933,000	7,782,000
Other	3,553,000	4,363,000
Total current liabilities	61,073,000	50,215,000
Long-Term Debt	177,323,000	186,791,000
Due to Affiliate	4,925,000	5,215,000
Commitments and Contingencies		
Shareholder's Equity:		
Common stock, no par value; authorized 2,500 shares; issued and outstanding 100 shares	3,500,000	3,500,000
Additional paid-in capital	6,538,000	6,538,000
Retained earnings	2,754,000	3,911,000
Total shareholder's equity	12,792,000	13,949,000
	$ 256,113,000	$ 256,170,000

The accompanying introductory notes and notes to financial statements are an integral part of these balance sheets.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Casino	$ 56,981,000	$ 50,230,000
Rooms	2,320,000	2,369,000
Food and beverage	7,471,000	6,239,000
Other	950,000	710,000
	67,722,000	59,548,000
Less - Promotional allowances	(6,718,000)	(5,538,000)
Net revenues	61,004,000	54,010,000
Expenses:		
Casino	41,369,000	37,259,000
Rooms	782,000	914,000
Food and beverage	2,143,000	1,736,000
Other	1,046,000	637,000
General and administrative	7,070,000	6,842,000
Depreciation and amortization	4,269,000	4,483,000
Losses on obligatory investments	397,000	560,000
Interest, net of interest income	5,321,000	5,528,000
Total expenses	62,397,000	57,959,000
Loss before income taxes	(1,393,000)	(3,949,000)
Income tax benefit	236,000	1,310,000
Net loss	$ (1,157,000)	$ (2,639,000)

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

CREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net loss	$ (1,157,000)	$ (2,639,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization, including accretion of debt discount	4,359,000	4,573,000
Provision for doubtful accounts	573,000	890,000
Losses on obligatory investments	397,000	560,000
Deferred income taxes	(317,000)	(495,000)
Increase in arbitration award receivable	(272,000)	(300,000)
Decrease (increase) in accounts receivable	1,761,000	(647,000)
Net increase (decrease) in accounts payable and other accrued liabilities	2,378,000	(137,000)
Net change in other current assets and liabilities	(62,000)	(919,000)
Net change in other noncurrent assets and liabilities	(1,000)	(407,000)
Net cash provided by operating activities	7,659,000	479,000
INVESTING ACTIVITIES:		
Net property and equipment additions	(519,000)	(1,742,000)
Obligatory investments	(82,000)	(125,000)
Proceeds from disposition of assets	-	387,000
Net cash used in investing activities	(601,000)	(1,480,000)
FINANCING ACTIVITIES:		
Net borrowings under line of credit agreements	-	3,000,000
Repayments of long-term debt	(1,419,000)	(152,000)
Net (advances to) borrowings from affiliates	(2,495,000)	3,218,000
Net cash (used in) provided by financing activities	(3,914,000)	6,066,000
Net increase in cash and cash equivalents	3,144,000	5,065,000
Cash and cash equivalents at beginning of period	13,013,000	12,393,000
Cash and cash equivalents at end of period	$ 16,157,000	$ 17,458,000

The accompanying introductory notes and notes to financial statements are an integral part of these statements.

CREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and business

Create Bay Hotel and Casino, Inc. ("GBH&C") is a New Jersey corporation and a wholly owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"), a Delaware corporation. GBH&C's principal business activity includes its ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands on the Park"). The Sands on the Park is managed by Pratt Casino Management, Inc. ("PCMI"), also a wholly owned subsidiary of Pratt Casino Properties. Substantially all of GBH&C's revenues and net income are attributable to the operations of the Sands on the Park.

Create Bay Property Funding Corp. ("Funding"), a New Jersey corporation and a wholly owned subsidiary of Pratt Casino Properties, was incorporated on June 29, 1987 for the purpose of borrowing funds through the issuance of $173,030,000 of seven-year nonrecourse first mortgage notes (the "First Mortgage Notes") for the benefit of GBH&C.

(2) Income taxes

GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to agreements between GBH&C, Pratt Casino Properties and Pratt, GBH&C's provision for federal income taxes is based on the amount of tax which would be provided if a separate federal income tax return were filed. Both federal and state income tax provisions or benefits are based upon estimates of the results of operations ... the current annual period and reflect the nondeductibility for income tax purposes of certain items, including certain depreciation and amortization expenses. Quarterly income tax provisions or benefits are determined by applying the resulting effective income tax rates to the results of operations for the quarter.

GBH&C paid income taxes of $97,000 and $2,463,000, respectively, during the three month periods ended March 31, 1992 and 1991.

The Financial Accounting Standards Board has issued a new standard on accounting for income taxes. GBH&C anticipates adoption of the new accounting standard and disclosure rules no later than its fiscal year ended December 31, 1993. Adoption of the new accounting standard is not expected to have a material effect on GBH&C's reported financial position or results of operations.

(3) Short-term credit facilities

As of March 31, 1992, GBH&C had a bank line of credit in the amount of $5,000,000, of which $4,000,000 was outstanding. The remaining $1,000,000 was drawn in April 1992. Interest on borrowings under the line of credit is calculated at one percentage point above the prime lending rate of the bank. GBH&C also has a $1,000,000 credit facility with the same bank which is available subject to the bank's review of GBH&C's financial statements.

During April 1992, both credit facilities were extended to April 30, 1993. In connection with the renewals the arbitration award receivable (See Note 5) was pledged as collateral for the $5,000,000 line of credit. Additionally, if the arbitration award is not received by June 30, 1992, the bank will require substitute collateral in order to maintain availability of the line of credit.

Additionally, GBH&C has a separate $4,000,000 revolving line of credit. As of March 31, 1992, $4,000,000 was outstanding on this line of credit. In April 1992 the line of credit was extended to March 29, 1993. In connection with the renewal, GBH&C offered a pledge of the arbitration award receivable similar to the aforementioned bank line of credit. Interest on borrowings under the line of credit is at the London Interbank Offered Rate ("LIBOR") plus 2.625% through September 1992 and LIBOR plus 3.625% to maturity. The line of credit agreement contains numerous restrictive covenants, including the maintenance of certain financial ratios and limitations on additional borrowings.

In April 1992, Pratt Casino Properties arranged a $3,000,000 secured bank credit facility, the proceeds of which were made available to GBH&C for the maintenance of certain required minimum cash balances and, in certain circumstances, for liquidity or other working capital purposes. Amounts borrowed under the facility are secured by an equivalent amount of United States Treasury securities. In connection therewith, certain principal shareholders of Pratt have guaranteed the credit facility and, in certain circumstances, may be required to collateralize amounts borrowed on the facility with their personal assets. Amounts borrowed by GBH&C under this credit facility bear interest at 2% above the treasury securities rate determined on the date of the borrowing and payable on a monthly basis. Unless renewed and extended, the credit facility will expire in April 1993. GBH&C borrowed the full amount of the facility on April 10, 1992.

(4) Long-term debt and pledge of assets

	March 31, 1992	December 31, 1991
11.75% first mortgage notes, due 1994, net of discount of $842,000 and $932,000, respectively (a)	$ 169,631,000	$ 170,658,000
16.5% promissory note, due 1998 (b)	11,200,000	11,200,000
Term loan, due 1993 (c)	8,000,000	8,000,000
Note payable to bank (d)	1,725,000	2,025,000
Other	484,000	486,000
	191,040,000	192,369,000
Less - current maturities	(13,717,000)	(5,578,000)
	$ 177,323,000	$ 186,791,000

(a) On August 6, 1987, GBH&C borrowed $173,030,000 from Funding who issued the First Mortgage Notes. The First Mortgage Notes bear interest at 11.75% per annum, payable monthly; interest only was payable during the first four years. Commencing in August 1991, principal and interest became payable in monthly installments of $2,049,000 based on a 15-year amortization schedule with the unpaid balance of $158,310,000 due during August 1994.

The mortgage indenture contains various provisions that, among other things, restrict the ability of GBH&C to incur additional secured indebtedness, create additional liens on the property or sell the Sands on the Park. Additionally, maintenance of certain cash balances is required, as well as a requirement that a minimum of $5,000,000 be committed annually for property and fixture renewals, replacements and betterments. Substantially all of GBH&C's assets are pledged as collateral and the First Mortgage Notes are guaranteed to the extent of $10,000,000 by Pratt.

(b) The note is payable to an affiliate, bears interest at 16.5% per annum, payable semi-annually in March and September, and matures in March 1998.

(c) In April 1992 the note's maturity was extended to March 1993. The note bears interest at LIBOR plus 2.625% per annum through September 1992, and at LIBOR plus 3.625% per annum through maturity. Interest on the note is payable quarterly and at maturity. The note requires, among other things, that GBH&C maintain certain financial ratios and places restrictions on the amount of new borrowings or increases in existing debt. The loan is collateralized by a first mortgage on the land and improvements which comprise the Sands on the Park administrative offices complex and is guaranteed by Pratt and Pratt Casino Properties.

(d) The note bears interest at one percentage point above the bank's prime lending rate and provides for equal monthly principal payments of $75,000. In April 1992, the terms of the agreement were amended to extend the maturity date to March 1994 and, commencing on June 1, 1992, the interest rate will increase to 1.25 percentage points above the bank's prime lending rate.

Scheduled payments of long-term debt as of March 31, 1992 are:

1992 (9 months)	$ 4,234,000
1993	14,158,000
1994	161,828,000
1995	9,000
1996	10,000
Thereafter	11,643,000
Total	$ 191,882,000

Indebtedness of GBH&C amounting to $18,000,000 consisting of (i) the $8,000,000 term loan and (ii) $10,000,000 of other credit facilities (See Note 3), in addition to indebtedness amounting to $8,951,000 of Pratt will become subject to refinancing or renewal in 1993. GBH&C and Pratt anticipate that they will be able to refinance the debt maturing in 1993 and renew or pay down the credit facilities not refinanced; however, there can be no assurance that such refinancing or renewal will occur or that replacement financing can be obtained, if required.

Substantially all of GBH&C's assets are pledged in connection with its long-term indebtedness. Additionally, these agreements contain certain cross-default provisions, including default on indebtedness by its affiliates.

Funding paid and received interest of $5,029,000 and $5,083,000, for the three month periods ended March 31, 1992 and 1991, respectively. GBH&C paid interest of $5,538,000 and $5,672,000, respectively, for the three month periods ended March 31, 1992 and 1991.

(5) Arbitration Award

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the Sands on the Park during 1983 and 1984. The arbitration award, including interest through January 31, 1989, totaled $14,524,000 and, on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company sought reconsideration of the Superior Court's confirmation of the arbitration award, the confirmation of the award into a judgment was reaffirmed. The construction management company filed an appeal of the determination of the Superior Court confirming the arbitration award into a judgment and, in a unanimous opinion dated May 29, 1991, the Appellate Division of the Superior Court affirmed the determination of the Superior Court confirming the arbitration award into a judgment. Although the construction management company's first application for certification addressed to the Supreme Court of New Jersey was denied, the construction management company's application to the Supreme Court of New Jersey for reconsideration was granted as to three (3) specified issues; briefs thereon have been filed, and the New Jersey Supreme Court heard oral arguments on the matter on March 17, 1992. GBH&C believes that the arbitration amount, plus post-judgment interest, will be collected during 1992. In accordance with the New Jersey Rules of Court, the construction management company was required to post a supersedeas bond in the full amount of the award plus projected interest, so as to avoid GBH&C seeking to execute on its judgment against the construction management company during the pendency of the appeal therefrom. Based on the advice of GBH&C's general counsel, GBH&C believes that the likelihood of the award being modified or vacated is remote.

(6) Subsequent Events

On April 1, 1992, GBH&C paid a dividend in the amount of $6,600,000 to its parent.

Recent regulations approved by the New Jersey Casino Control Commission (the "Commission") allow casino licensees to establish time limits for offering progressive slot machine jackpots to customers. Upon the expiration of the stated time limits, and upon providing proper notice to casino customers, casino licensees are afforded certain relief including the reduction or removal of the progressive jackpot from the gaming floor. Accordingly, during April 1992 GBH&C removed certain progressive jackpots from the gaming floor. This will result in the recognition of an approximate $2,000,000 gain to income from operations during April 1992.

On May 14, 1992, the Commission renewed GBH&C's license to operate its casino/hotel in Atlantic City through May 31, 1993. Certain terms of the renewed license require GBH&C to comply with periodic financial reporting requirements as well as obtain prior Commission approval of certain cash transfers to affiliates.

CREATE BAY HOTEL AND CASINO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Historically, cash provided by operating activities has provided GBH&C with the cash necessary to meet the Sands on the Park's liquidity requirements. Net cash provided by operating activities for the three month period ended March 31, 1992 amounted to $7.7 million compared to $479,000 in the first three months of 1991. Improvement during the first quarter of 1992 resulted from the implementation during 1991 of several aggressive marketing strategies at the Sands on the Park and from revised regulations allowing additional gaming hours in Atlantic City. Additionally, operating results for the first quarter of 1991 were negatively impacted by a decline in patron volume due to the effects of the Gulf War. See discussion of results of operations.

GBH&C's principal liquidity requirements have consisted of and are expected to include the Sands on the Park's on-going program of capital expenditures for property and equipment additions and improvements, obligatory investments required by the New Jersey Casino Control Act, the scheduled repayment of long-term indebtedness and the payment of dividends.

GBH&C spent approximately $500,000 on capital additions and improvements for the Sands on the Park facility during the first three months of 1992, primarily for departmental equipment. Management anticipates that capital expenditures for various projects during the remainder of 1992 will approximate $6.7 million. Such planned expenditures include the renovation of selected Plaza Club suites and conversion of vacated office space located in the Sands on the Park's hotel tower into additional guest rooms.

Since 1989, GBH&C has contributed certain amounts held in escrow to the Casino Reinvestment Development Authority (the "CRDA"). In consideration thereof, the CRDA has granted GBH&C waivers of certain of its investment obligations, thereby reducing GBH&C's investment deposit obligations. Such waivers have been amortized based on the related casino revenues and, as of March 31, 1992, the remaining unamortized portion of the waivers is $156,000. As a result, GBH&C's deposit requirements for the first quarter of 1992 totaled $82,000; however, due to the expiration of the waiver's granted to GBH&C in prior years, management anticipates that deposit requirements for the remainder of 1992 will be approximately $2.2 million.

During 1991, GBH&C reached an agreement with the CRDA to contribute future deposits totaling $1.8 million to a hospital in Atlantic City for use in the construction of its Trauma Unit. The amount to be contributed will be deposited with the CRDA, on a quarterly basis, at which time GBH&C will be granted a waiver of $912,000 toward its future obligatory investments. Such waiver will be charged to operations based upon the related casino revenues during 1993.

GBH&C has a $5 million bank line of credit on which $4 million was outstanding as of March 31, 1992. The remaining $1 million was drawn in April 1992. GBH&C also has a $1 million credit facility with the same bank which is available subject to the bank's review of GBH&C's financial statements. Both bank credit facilities are guaranteed by Pratt Casino Properties. Subsequent to year end, both the line of credit and the additional credit facility were renewed and their maturities were extended to April 30, 1993. In connection with the renewals the arbitration award receivable (discussed below) was pledged as collateral for the $5 million bank line of credit. Additionally, if the arbitration award is not received by June 30, 1992, the bank will require substitute collateral in order to maintain availability of the line of credit. In addition, GBH&C established a $4 million revolving line of credit during 1990 to meet short-term cash needs and, as of March 31, 1992, had fully borrowed on the line of credit for such purposes. Subsequent to March 31, 1992, this additional line of credit was extended to March 29, 1993. In connection with this renewal, GBH&C offered a pledge of the arbitration award receivable.

In April 1992, Pratt Casino Properties arranged a $3 million secured bank credit facility, the proceeds of which were made available to GBH&C for the maintenance of certain required minimum cash balances and, in certain circumstances, for liquidity or other working capital purposes. Amounts borrowed under the facility are secured by an equivalent amount of United States Treasury securities. In connection therewith, certain principal shareholders of Pratt have guaranteed the credit facility and, in certain circumstances, may be required to collateralize amounts borrowed on the facility with their personal assets. Amounts borrowed by GBH&C under this credit facility bear interest at 2% above the treasury securities rate determined on the date of the borrowing and payable on a monthly basis. Unless renewed and extended, the credit facility will expire in April 1993. GBH&C borrowed the full amount of the facility on April 10, 1992.

On May 15, 1992, PRT Corporation ("PRT"), a Delaware holding company beneficially owned by the principal shareholders of Pratt, merged with PBC, Inc., a company with similar beneficial ownership. In addition, PRT completed a private placement transaction (the "Transaction") which resulted in PRT owning 80.5% of the common stock of Pratt and in the issuance of $90 million of 14% senior secured notes due in April 1998 along with warrants to acquire 342,857 shares of the non-voting Class B Common Stock of PRT.

Approximately $17 million of the proceeds from the Transaction have been set aside to provide an additional source of liquidity for Pratt and its subsidiaries.

In a unanimous opinion dated May 29, 1991, the Appellate Division of the Superior Court of New Jersey reaffirmed an arbitration award into a judgment in favor of GBH&C (See Note 5 of Notes to Financial Statements). An application for reconsideration was granted in November 1991 by the Supreme Court of New Jersey as to three specific items; briefs thereon have been filed and oral arguments were heard on March 17, 1992. Although a final determination has not been made, management of GBH&C believes that the arbitration award, plus post-judgment interest, will be collected during 1992. The award and interest thereon as of March 31, 1992, amounted to approximately $18 million. GBH&C expects to realize approximately $10.4 million after payment of all related taxes and other costs. As noted above, these proceeds have been pledged to secure certain of GBH&C's credit facilities.

GBH&C repaid scheduled maturities of long-term debt amounting to $1.4 million during the first three months of 1992. Scheduled maturities of long-term debt for the remainder of 1992 are approximately $4.2 million. GBH&C's indebtedness imposes significant interest expense and principal repayment obligations over the next several years, many of which must be refinanced. During 1994, debt maturity obligations total $162 million, consisting primarily of principal payments due on the 11.75% First Mortgage Notes of Greate Bay Property Funding Corp. (the "First Mortgage Notes"). Consistent with its overall business strategy, GBH&C anticipates that similar first mortgage financing will be available to replace the existing mortgages at their maturity in 1994. The First Mortgage Notes require the maintenance of a minimum of $10 million average daily balance of cash and cash equivalents over any two consecutive calendar months and a minimum of $5 million average daily balance over any consecutive five day period.

GBH&C has advanced monies to its parent, Pratt Casino Properties or certain of its subsidiaries, and Pratt or certain of its subsidiaries have advanced monies to GBH&C primarily for working capital purposes. In this regard, GBH&C made net advances to Pratt Casino Properties or its subsidiaries aggregating $2.5 million during the first three months of 1992.

In April 1992, GBH&C paid dividends amounting to $6.6 million to its parent. Additional dividends may be required in future periods in order for its parent to meet its liquidity requirements.

Management anticipates that future liquidity requirements of GBH&C will be funded from existing cash and from cash generated by the operations of the Sands on the Park. GBH&C anticipates the continued utilization of its lines of credit and borrowings from affiliates to fund seasonal and other short-term cash needs.

RESULTS OF OPERATIONS

Historically, GBH&C's gaming operations have been highly seasonal in nature, with the peak activity occurring from May to September. Consequently, the results of GBH&C's operations for the first and fourth quarters are traditionally less profitable than the other quarters of the fiscal year. In addition, GBH&C's gaming operations may fluctuate significantly due to a number of factors, including chance. Such fluctuations may materially affect casino revenues and profitability.

The following table sets forth certain unaudited financial and operating data relating to the Sands on the Park's operations:

	Three Months Ended March 31,	
	1992	1991
Table games:		
Gross Wagering (drop)*	$ 156,208,000	$ 148,612,000
Revenues	$ 25,957,000	$ 22,086,000
Hold Percentages:**		
Sands on the Park	16.6%	14.9%
Atlantic City Casino Gaming Industry	16.8%	15.6%
Slot machines:		
Gross Wagering (handle)*	$ 310,077,000	$ 260,746,000
Revenues	$ 31,024,000	$ 28,144,000
Hold Percentage: **		
Sands on the Park***	10.0%	10.8%

* Gross wagering consists of the total number of chips purchased for table games (drop) and coins wagered in slot machines (handle).

** Casino Revenues consist of the portion of gross wagering that a casino retains and, as a percentage of gross wagering, is referred to as the "hold percentage".

*** The Sands on the Park's hold percentage with respect to slot machines is reflected on an accrual basis. Comparable data for the Atlantic City gaming industry is not available.

GROSS WAGERING - Table games drop increased $7.6 million (5.1%) and slot machines handle increased $49.3 million (18.9%) in the first quarter of 1992 compared to the same period in 1991. The increase in casino volume has been due, in part, to the implementation in July 1991 of revised regulations permitting 24-hour gaming on weekends and holidays in Atlantic City. Also, premier headliner entertainment during the first quarter of 1992 had a positive impact on both table games and slot machines gross wagering. Additionally, the 1991 first quarter was negatively impacted by the Gulf War.

The increase in first quarter 1992 table games gross wagering is also attributable to aggressive marketing programs aimed at high frequency players. During 1991, the Sands on the Park implemented its new table games monitoring system which resulted in significant improvement in the accuracy and speed of customer ratings, increased customer recognition and enhanced control of complimentaries.

The increase in first quarter 1992 slot machines gross wagering is also attributable to the success of marketing systems and promotions programs aimed at developing a base of loyal, high frequency slot customers; to the popularity of recent innovations in slot play, such as slot machines linked together in a group to pay a pooled jackpot and more attractive gaming machines; and to the increase in play associated with higher denomination slot machines.

REVENUES - Casino revenues increased $6.8 million (13.4%) during the first quarter of 1992 over the comparable period in 1991. This increase is a result of increases in both table games and slot machines gross wagering. The table games revenue increase of $3.9 million (17.5%) reflects the increase in gross wagering coupled with the increase in the hold percentage from 14.9% in the first quarter of 1991 to 16.6% in the first quarter of 1992.

Slot machines revenues increased $2.9 million (10.2%) in the first quarter of 1992 over the same period in 1991. The overall increase is due to the increase in gross wagering offset somewhat by the decrease in the slot machines hold percentage from 10.8% in the first quarter of 1991 to 10% in the first quarter of 1992. The decrease in the slot machines hold percentage is primarily attributable to increased play at higher denomination machines,

which tend to pay out more frequently, and reflects an industry-wide trend in hold percentages as Atlantic City casinos compete to attract premium, high frequency slot patrons.

Food and beverage revenues for the first quarter of 1992 increased $1.2 million (19.8%) over the first quarter of 1991. The increase is due to the additional patron volume in 1992 and to the opening of a new restaurant at the Sands on the Park during the latter part of March 1991. Revenues for the first quarter of 1991 were not significantly impacted by this opening. Other revenues increased $240,000 (33.8%) due to premier headliner entertainment scheduled during the first quarter of 1992 compared with the first quarter of 1991.

Promotional allowances represent the retail value of complimentary goods and services provided to casino customers under various marketing programs. These allowances, as a percentage of rooms, food and beverage and other revenues have increased to 62.5% during the first three months of 1992 from 59.4% during the like period of 1991, reflecting the increased utilization of package plan promotions and complimentaries to reward high frequency customers.

DEPARTMENTAL EXPENSES - Departmental expenses consist of expenses for casino operations, rooms, food and beverage and other casino/hotel operating expenses, including promotional expenses, insurance and casino gaming taxes.

Casino expenses increased $4.1 million (11%) in the first quarter of 1992 over the comparable period in 1991. This increase results from the increase in casino volume which has resulted from a combination of improved economic conditions during the first three months of 1992 and from management's efforts to provide additional customer service. This enhancement in customer service has increased direct casino expenses as well as complimentaries, the cost of which is allocated to the casino department.

Rooms expense decreased $132,000 (14.4%) during the first three months of 1992 compared to the same period in 1991 primarily due to the increased allocation of complimentary rooms expenses to the casino department. The increase in food and beverage expenses of $407,000 (23.4%) for the first quarter of 1992 over the first quarter of 1991 reflects the increase in both food and payroll costs resulting from the increase in patron volume and extended hours of operation. However, the increase in costs has been partially offset by increases in the allocation of food and beverage complimentaries to the casino department. Other expenses increased $409,000 (64.2%) during the first quarter of 1992 compared to the same period in 1991 primarily due to an increase in entertainment costs associated with premier headliner entertainment.

LOSSES ON OBLIGATORY INVESTMENTS - The decrease of $163,000 (29.1%) in losses on obligatory investments during the first quarter of 1992 as compared to the first quarter of 1991 is due to the expiration of certain prior waivers granted by the Casino Reinvestment Development Authority which were being amortized.

PROVISION FOR INCOME TAXES - GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to an agreement between GBH&C, Pratt Casino Properties and Pratt, GBH&C's provision for federal income taxes is based on the amount of tax which would have been provided if a separate return were filed. The federal and state tax provisions are calculated at the anticipated effective rate for the entire year and recognize the nondeductibility for tax purposes of certain items, including certain depreciation and amortization expenses.

GBH&C has not adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Adoption of the requirements of the Statement, presently anticipated in 1993, is not expected to have a material effect on financial position, results of operations or liquidity.

INFLATION - Management believes that in the near term, modest inflation, along with continued competition within the gaming industry for qualified and experienced personnel, will continue to pressure all operating expenses, particularly labor and employee benefits costs.

PART II: OTHER INFORMATION

The registrant did not file any reports on Form 8-K during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREATE BAY PROPERTY FUNDING CORP.
Registrant

DATE: May 19, 1992

Charles F. LaFrano, III
Vice President and
Principal Financial Officer